

Message Text

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ACTION EUR-25

INFO OCT-01 EA-11 ADP-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 OMB-01 AGR-20 TAR-02 STR-08

CEA-02 RSR-01 /143 W

----- 081134

R 161812 Z MAY 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 1239

INFO USMISSION EC BRUSSELS

AMEMBASSY BONN

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

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PASS TREASURY, FRB AND COMMERCE

E. O. 11652: N/A

TAGS: ECON, UK

SUBJECT: U. K. TRADE IN APRIL

BEGIN SUMMARY: IN APRIL, THE U. K. RECORDED A VISIBLE
TRADE DEFICIT OF 45 MILLION POUNDS (S. A.) WITH EXPORTS
OF 954 MILLION POUNDS (F. O. B., S. A.) AND IMPORTS OF
999 MILLION POUNDS (F. O. B., S. A.). THE BALANCE ON
SERVICES AND OTHER CURRENT TRANSACTIONS IS ESTIMATED
TO HAVE BEEN RUNNING AT A MONTHLY SURPLUS OF ABOUT
56 MILLION POUNDS. THE CURRENT ACCOUNT IS ESTIMATED
TO HAVE BEEN IN SURPLUS OF 11 MILLION POUNDS.
END SUMMARY

1. IN APRIL, THE U. K. HAD A VISIBLE TRADE DEFICIT
OF 45 MILLION POUNDS (S. A., F. O. B., B/ P BASIS),
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COMPARED WITH A VISIBLE TRADE DEFICIT OF 205 MILLION POUNDS (REVISED) IN MARCH AND A DEFICIT OF 77 MILLION POUNDS IN FEBRUARY. THE VALUE OF U. K. EXPORTS IN APRIL WAS 954 MILLION POUNDS (S. A., F. O. B., B/P BASIS), COMPARED WITH 877 MILLION POUNDS IN MARCH (REVISED) AND 900 MILLION POUNDS IN FEBRUARY. IMPORTS WERE 999 MILLION POUNDS (S. A., F. O. B., B/P BASIS), COMPARED WITH 1,082 MILLION POUNDS IN MARCH (REVISED) AND 977 MILLION POUNDS IN FEBRUARY.

2. THE IMPROVEMENT IN THE VISIBLE TRADE DEFICIT FROM THE MARCH FIGURE COMES BOTH FROM AN INCREASE IN THE VALUE OF EXPORTS AND A DECREASE IN THE VALUE OF IMPORTS, ILLUSTRATING THE VOLATILE NATURE OF TWO SERIES. TAKING THE FIRST FOUR MONTHS OF THIS YEAR AS A WHOLE, THE MONTHLY DEFICIT ON VISIBLE TRADE WAS 101 MILLION POUNDS COMPARED WITH 86 MILLION POUNDS A MONTH IN THE SECOND HALF OF LAST YEAR. IN THE FIRST QUARTER OF THIS YEAR, THE VOLUME OF EXPORTS ROSE FASTER THAN THE VOLUME OF IMPORTS.

3. IN THE FIRST FOUR MONTHS OF THIS YEAR, EXPORTS AVERAGED 903 MILLION POUNDS PER MONTH, 17 PER CENT HIGHER THAN IN THE SECOND HALF OF 1972. THIS INCREASE HAS LARGELY RESULTED FROM A STRONG GROWTH IN THE VOLUME OF EXPORTS: IN THE FIRST QUARTER OF THE YEAR (THE LATEST PERIOD FOR WHICH INFORMATION IS AVAILABLE), THE EXPORT UNIT VALUE INDEX INCREASED BY 3 PER CENT COMPARED WITH THE PREVIOUS SIX MONTHS.

4. THE U. K.'S MOST BUOYANT MARKET SO FAR THIS YEAR HAS BEEN NORTH AMERICA TO WHICH EXPORTS INCREASED BY 22 PER CENT COMPARED WITH THE AVERAGE LEVEL IN THE SECOND HALF OF 1972. DELIVERIES TO WESTERN EUROPE ROSE BY 15 PER CENT, TO THE STERLING AREA (OUTSIDE EUROPE) BY 12 PER CENT AND TO ALL OTHER MARKETS IN AGGREGATE BY 20 PER CENT BETWEEN THE SAME PERIODS.

5. THE GROWTH IN EXPORTS HAS BEEN WIDELY DISTRIBUTED AMONG MAJOR COMMODITY GROUPS. DELIVERIES OF TEXTILES INCREASED BY 21 PER CENT, CHEMICALS BY 20 PER CENT,
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METAL AND METAL MANUFACTURES BY 19 PER CENT, ROAD MOTOR VEHICLES BY 16 PER CENT AND MACHINERY BY 13 PER CENT. THERE WAS ALSO A 22 PER CENT RISE IN THE EXPORTS OF FOOD, BEVERAGES AND TOBACCO.

6. SO FAR THIS YEAR, IMPORTS HAVE AVERAGED 1,004 MILLION POUNDS A MONTH, 17 PER CENT HIGHER THAN THE

AVERAGE IN THE SECOND HALF OF LAST YEAR. IMPORTS OF INDUSTRIAL MATERIALS INCREASED BY 20 PER CENT BETWEEN THESE TWO PERIODS WITH ARRIVALS OF BASIC MATERIALS GROWING VERY STRONGLY, BY 30 PER CENT. IMPORTS OF FOOD, DRINK AND TOBACCO, SEMI- MANUFACTURES AND FINISHED MANUFACTURES ALL INCREASED BY BETWEEN 16 AND 18 PER CENT.

7. HIGHER PRICES, REFLECTING THE WORLD SITUATION FOR MANY COMMODITIES AND THE EFFECT OF THE STERLING

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FLOAT, HAVE CONTRIBUTED TO THE INCREASE IN THE VALUE OF IMPORTS THIS YEAR. IN THE FIRST QUARTER (THE LATEST PERIOD FOR WHICH INFORMATION IS AVAILABLE),

THE IMPORT UNIT VALUE INDEX WAS 10 PER CENT HIGHER THAN IN THE PREVIOUS SIX MONTHS. AT THE SAME TIME,

THE VOLUME OF IMPORTS HAS INCREASED, REFLECTING THE GROWTH OF THE DOMESTIC ECONOMY. A RECENT DEVELOPMENT IS THAT THE FASTEST RATE OF GROWTH HAS OCCURRED IN DELIVERIES OF BASIC MATERIALS, WHEREAS DURING LAST YEAR IT WAS IMPORTS OF FINISHED MANUFACTURED GOODS WHICH LED THE WAY.

8. THE VALUE OF IMPORTS FROM WESTERN EUROPE AND NORTH AMERICA HAVE CONTINUED TO INCREASE STRONGLY. IN THE FIRST FOUR MONTHS OF THE YEAR, THE AVERAGE RATES OF INCREASE, COMPARED WITH THE PREVIOUS SIX
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MONTHS, WERE 19 AND 20 PER CENT, RESPECTIVELY. ARRIVALS FROM THE STERLING AREA (OUTSIDE EUROPE) WERE 12 PER CENT HIGHER, WHILE IMPORTS FROM ALL OTHER SOURCES, TAKEN TOGETHER, INCREASED BY 19 PER CENT.

9. EXPORT LEVEL IN APRIL IS A RECORD HIGH. FOR THE FIRST FOUR MONTHS OF THE YEAR, THE CURRENT BALANCE IS ESTIMATED TO BE IN DEFICIT ABOUT 181 MILLION

POUNDS, THE VISIBLE TRADE BALANCE IN DEFICIT BY 405 MILLION POUNDS, AND THE INVISIBLE BALANCE IN SURPLUS BY 224 MILLION POUNDS.

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